

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 L-03 ABF-01 H-03 PRS-01 SS-20 NSC-10

STR-08 AID-20 CIAE-00 COME-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

OMB-01 FCSC-01 DRC-01 EURE-00 /143 W

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P 171550Z DEC 73

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC PRIORITY 5541

C O N F I D E N T I A L PRAGUE 2847

E.O. 11652: GDS

TAGS: PFOR, EFIN, CZ, L/C

SUBJ: CLAIMS NEGOTIATIONS-SESSION 12

REF: A) PRAGUE 2769; B) STATE 235521

1. BEGIN SUMMARY:

U.S. DELEGATION FORMALLY PRESENTED NEW PROPOSALS ON SCHEDULE OF PAYMENTS OF LUMP SUM AND METHOD OF PAYMENT OF SURPLUS PROPERTY DEBT. CZECH DELEGATION SAID THAT IT WOULD BE POSSIBLE TO TAKE U.S. POSITION ON PAYMENTS AS SERIOUS BASIS FOR SETTLEMENT BUT EXPRESSED GREAT DISAPPOINTMENT AT SURPLUS PROPERTY PROPOSAL. END SUMMARY.

2. AT DECEMBER 13 NEGOTIATION SESSION DCM PRESENTED REVISED U.S. POSITIONS ON SCHEDULE OF PAYMENTS OF LUMP SUM AND METHOD OF PAYMENT OF SURPLUS PROPERTY DEBT AS TRANSMITTED IN REF (B). HEAD OF CZECH DELEGATION (ZANTOVSKY) RESPONDED BY SAYING THAT HE COULD ACCEPT PAYMENT SCHEDULE PROPOSAL AS SERIOUS BASIS FOR SETTLEMENT. HE NOTED, HOWEVER, THAT 20 YEARS WAS NOT EXCEPTION IN SETTLEMENTS WHICH U.S. HAS MADE WITH OTHER SOCIALIST COUNTRIES AND THAT CZECH PROPOSAL OF PAYMENT IN 15 YEARS WITH 4 TO 5 PERCENT ACCELERATOR CLAUSE WOULD RESULT IN REPAYMENT WITHIN 10 YEARS AS RESULT OF GROWTH OF TRADE. HE SAID THAT HE WOULD

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PROPOSE EXACT FIGURE FOR ACCELERATOR CLAUSE WHEN MINISTRY OF

FOREIGN TRADE DEVELOPED IT.

3. CONCERNING PAYMENT OF SURPLUS PROPERTY DEBT, ZANTOVSKY SAID THAT U.S. PROPOSAL REPRESENTED STEP BACKWARDS SINCE PAYMENT OF SUM IN CROWNS WAS DISCUSSED AT TIME (1970) WHEN STATE OF BILATERAL RELATIONS WAS MUCH WORSE THAN NOW. HE ALSO SAID THAT U.S. PROPOSAL WOULD, IN FACT, INCREASE AMOUNT OF LUMP SUM PAYMENT. DCM REPLIED THAT PREVIOUS U.S. OFFER WAS MADE UNDER DIFFERENT CIRCUMSTANCES AND FOR DIFFERENT PURPOSES AND COULD NOT BE CONSIDERED PRECEDENT. ZANTOVSKY CONCLUDED DISCUSSION ON THIS TOPIC BY SAYING THAT HE WOULD RETURN TO PROBLEM AND THAT ALL AVENUES TO SETTLEMENT HAVE NOT BEEN EXHAUSTED.

4. ZANTOVSKY THEN ASKED IF U.S. COULD PROVIDE REPORT ON LEGAL STATUS AND CURRENT VALUE OF CZECH ASSETS BLOCKED IN U.S. AND WHETHER THESE ASSETS COULD BE USED AS FIRST PAYMENT ON LUMP SUM. HE PARTICULARLY WISHED TO KNOW WHETHER ANY OTHER GOVERNMENTAL OR PRIVATE LAWSUIT WOULD PREVENT TRANSFER OF ASSETS TO CZECHS. DCM RESPONDED THAT RELATION BETWEEN CZECHS AND THEIR ASSETS WAS CZECH PROBLEM BUT THAT HE WOULD ASK IF USG HAD INFORMATION ON STATUS AND VALUE OF ASSETS. HE SUGGESTED CZECHS SUPPLY LISTING OF ASSETS BUT CZECHS SAID THEY DID NOT HAVE ANY SUCH LIST.

5. ZANTOVSKY AGAIN RAISED QUESTION OF EXCHANGING DRAFT TEXTS OF AGREED PORTIONS OF AGREEMENT SO THAT ANY SUBSTANTIVE DIFFERENCES WOULD BE RESOLVED EARLIER RATHER THAN LATER. PARTICULAR PROBLEMS CZECHS WANT TO CLARIFY ARE: (1) TIMING OF RETURN OF GOLD, INITIAL CZECH PAYMENT ON LUMP SUM AND PAYMENT OF SURPLUS PROPERTY DEBT; AND (2) RESPONSIBILITIES UNDERTAKEN BY EACH GOVERNMENT IN UNBLOCKING OF ASSETS. DCM REPLIED THAT U.S. PREFERRED TO WAIT FOR MR. KWIASTEK'S RETURN TO PRAGUE BEFORE DEALING WITH DRAFTING PROBLEMS AND THAT WE SHOULD BE CLOSER TO REACHING AGREEMENT BEFORE HE COMES BACK. HE WOULD, HOWEVER, RELAY CZECH PROPOSAL TO DEPARTMENT.

6. ZANTOVSKY PROPOSED THAT NEXT SESSION TAKE PLACE ON DECEMBER 17. AFTER NOTING THAT HE WOULD HAVE NOTHING NEW TO SAY AT THAT TIME, DCM ACCEPTED.

7. IF DEPT. BELIEVES IT USEFUL, WE CAN EXCHANGE GOLD, BOND, AND CONFIDENTIAL

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BLOCKED ASSET SECTIONS OF DRAFT AGREEMENT AS SUGGESTED BY CZECH IN ORDER TO ELIMINATE ANY SUBSTANTIVE CONFUSION ON THEIR PART. WE WOULD NOT, HOWEVER, PLAN TO BEGIN DISCUSSION OF AGREED LANGUAGE UNTIL ARRIVAL OF KWIASTEK. IF DEPARTMENT HAS INFORMATION REQUESTED BY CZECHS IN PARAGRAPH 4, WE WOULD APPRECIATE RECEIVING IT. IF NOT, WE WOULD APPRECIATE RECEIVING ADVICE TO PASS ALONG TO CZECHS AS TO HOW THEY CAN GET INFORMATION.

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Message Attributes

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